



Director of  
Central  
Intelligence

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# National Intelligence Daily (Cable)

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BRIEFS AND COMMENTS

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ARAB STATES: Split at Baghdad Conference

*The conference in Baghdad where Arab Foreign Ministers have been discussing measures against Egypt since Tuesday is bogged down by sharp differences between moderates and hardliners*

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*The participants adjourned until today for consultations with home governments. (C)*

The Saudis have balked at an array of harsh reprisals pushed by the PLO and the hardliners, including the Iraqis. The Saudis and Arafat could smooth their differences before the conference is over

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If the Saudi position remains firm, the Iraqis and other hardliners might ultimately have to be satisfied with achieving a minimum consensus on sanctions. This might be accompanied by a general conference endorsement of undefined further action against Egyptian President Sadat by individual states so long as such action did not harm the Egyptian "people."

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The moderates' resistance to the proposed harsh actions against Sadat pushed by Arab hardliners is due in part to a backlash against threats made last week by Iraqi leader Saddam Husayn. Saddam threatened to topple Arab rulers who offer even passive support to Sadat. His remarks seem to have rekindled fear of Iraqi subversive action among some of the moderate Arabs who had come to believe that Baghdad had shelved such tactics.

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ITALY: Communist Party Congress

*The Italian Communist Party's congress that opens today will probably confirm many of the party's existing policies and serve as a forum for pre-election Communist rhetoric. The congress may break some new theoretical ground, but this will be limited by the party's current preoccupation with the country's ten-week-old government crisis.*

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The party's mood has changed considerably in the last year. The Communist decision a year ago to support the Andreotti government in Parliament led many Communists to assume that a direct cabinet role was at last within reach. Communist losses in the subsequent local elections, however, and the government's refusal to grant the Communists a greater voice in policymaking led to growing rank-and-file dissatisfaction with the leadership's policies.

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This was evident in recent local party meetings, where the most warmly applauded development was party chief Berlinguer's decision in January to withdraw support from Andreotti and renew Communist demands for direct participation in government.

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The local party congresses focused on domestic political questions and avoided lengthy debates on ideological and international issues. They did not directly attack Berlinguer's strategy of cooperation with the Christian Democrats--the "historic compromise"--but seemed clearly dissatisfied with the lack of consultation between the leadership and the rank and file. Local Communists were also prepared to have their party return to the opposition if its demands are not met following an election.

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Communist leaders have tried to respond to the rank-and-file mood by blending traditional and innovative ideas on such key topics as democratic centralism, Marxism-Leninism, and Italian participation in NATO. Although the congress is likely to reaffirm the party's commitment to the "historic compromise," the strong anti-Christian Democratic sentiment expressed at the local level will probably dominate the party's campaign for the election that is likely this spring.

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## IRAN: Referendum

Moderate secular groups and leftists, including the leftist People's Fedayeen, formerly known as the Chariks, have urged their followers to boycott the referendum taking place today and tomorrow on creation of an Islamic republic. Several key leaders of the autonomy-seeking Kurdish and Turkomen minorities in northern Iran have denounced the vote, arguing that Ayatollah Khomeini has yet to make clear the practical implications of such a regime. Khomeini yesterday accused the US of fomenting unrest among Iran's Sunni Muslim minorities, which include both the Kurds and Turkomens.

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## ROMANIA: New Premier Appointed

Ilie Verdet was appointed Romania's new premier yesterday to replace the ailing Manea Manescu. The shift is not likely to lead to any changes in the country's domestic or foreign policies; in Romania, the premier is not a policymaker. Verdet, a 53-year-old party functionary, probably qualified for the premiership because of his economic expertise and unfailing loyalty to President Ceausescu. Other personnel changes announced at the same time include two new appointments to the party's secretariat, which was depleted by earlier personnel shifts. These, as well as other high-level changes in the government, are the latest instances of Ceausescu's policy of rotating cadres to improve the efficiency of his administration and prevent challenges to his authority.

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## USSR-AFGHANISTAN: Soviet Commentary

*Pravda* yesterday carried its third authoritative commentary in less than ten days alleging foreign support to Afghan dissidents. The commentary, signed by A. Petrov, shifts the focus of Soviet wrath from Pakistan to the US. Petrov noted official US denials of interference in Afghan internal affairs but sought to cast doubt on them by citing an alleged meeting between an Afghan dissident and a State Department official, and accusing the CIA of supporting anyone willing to oppose the present government. He also implied Pakistan might be supporting Afghan dissidents against its will.

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CHINA: Grain Purchase Cancellations

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//China has canceled the purchase of 100,000 tons of corn and 300,000 tons of wheat ordered from the US. The Chinese probably canceled the orders because of the relatively high price of the US grain. [REDACTED]

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[REDACTED] China is likely to cancel additional orders of US corn or wheat. Before the cancellations, China purchased 500,000 tons of wheat and 100,000 tons of barley from Australia and 150,000 tons of EC wheat, all at lower prices than those of US grain. China's foreign exchange holdings are very tight, and the cancellations will free small amounts of foreign exchange for other purchases. The Chinese bought the cheaper Australian grain with a 90 percent short-term deferred-payments plan, reducing the immediate costs of the grain imports. The Chinese will probably purchase 10 million to 13 million tons of grain annually. The availability of relatively cheap foreign grain could keep Chinese purchases of US grain below the 5 million tons mentioned by Chinese officials this year. [REDACTED]

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